

MORIHARA LAU & FONG LLP
A LIMITED LIABILITY LAW PARTNERSHIP

September 14, 2009

PUBLIC UTILITIES
COMMISSION

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FILED

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, Hawaii 96813
Attention: Ji Sook Kim, Esq.

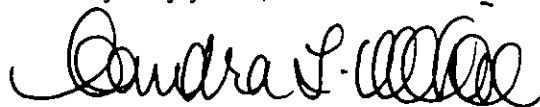
Re: Docket No. 2009-0161 – In the Matter of the Application of Hawaiian Beaches
Water Company, Inc. ("HBWC"), for review and approval of rate increases;
revised rate schedules: HBWC Customer Notice of Commission's Public Hearing

Dear Commissioners and Commission Staff:

Pursuant to Hawaii Revised Statutes § 269-12(c), HBWC confirms that its customers and patrons were notified of the proposed change in rates and the time and place of the Commission's public hearing for the above-referenced docket by means of a notice mailed to each of HBWC's customers on September 2, 2009. For your information, please find enclosed a copy of the notice that was mailed to HBWC's customers, as noted above.

Thank you for your consideration in this matter. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Michael H. Lau
Kris N. Nakagawa
Sandra L. Wilhide

Morihara Lau & Fong LLP
Attorneys for Hawaiian Beaches
Water Company, Inc.

Enclosure

c w/enclosure:
Consumer Advocate
Ms. Katherine M. Prescott
Mr. Mark J. Prescott



Hawaiian Beaches Water Company, Inc.
1000 Kalia Road, Suite 200
Honolulu, Hawaii 96813
Phone: (808) 943-1234
Fax: (808) 943-1235
www.hbwc.com

Date: September 2, 2009
To: All Customers
Subject: **Public Hearing on Proposed Rate Increase**
September 21, 2009, 6:00 p.m.
Keonepoko Elementary School Cafeteria

As you may know, Hawaiian Beaches Water Company, Inc. ("HBWC"), successor-in-interest to Miller and Lieb Water Company, Inc., filed an application with the Hawaii Public Utilities Commission ("PUC") on July 17, 2009, seeking approval to, among other things, increase and/or revise the water rates and charges presently in effect.

The proposed rate increase is needed to help HBWC keep pace with rising operating costs and to recover expenses incurred for infrastructure improvements, including, without limitation, construction and installation of a new water well, tank and related facilities, and completion of customer meter installations. In addition, the proposed change in rates will establish a volumetric or monthly water consumption charge, which, in the interest of fairness to all customers, will substantially reduce or eliminate any subsidy being provided by existing lower usage customers.

HBWC's current rates do not now and will not in the foreseeable future produce sufficient revenues to allow us to recover our prudently incurred expenses and earn a fair return on our prudently incurred investments. At present rates, HBWC projects a 2010 test year operating loss of \$73,945, and a negative rate of return of 5.24% on an average rate base of \$1,410,016 (Exhibits HBWC 6 and HBWC 9). The proposed rate increase is designed to recover these losses and earn a fair return. Pursuant to the application, HBWC, in effect, is seeking PUC approval for an overall net revenue increase of \$310,302, or an approximate 48.6% increase over present revenue rates.

The following summarizes HBWC's proposed increase in rates/charges:

Monthly Meter Charges

Residential (Single Family and Condominiums)	<u>Present Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Percent</u> <u>Increase</u>
<u>Fixed Monthly Service Charge Per Unit</u>	\$ 48.06	\$ 30.00	-37.6%
<u>Monthly Water Consumption Charge per 1,000 gallons of water use per month</u>		\$ 5.7818	n/a

The PUC will review all of HBWC's requests described above and in our application and other supporting materials submitted as part of the record, and render a decision after receiving input from the Consumer Advocate's office, which is statutorily responsible to represent, protect and advance the interests of all customers. Regarding our water operations, the total revenue requirements for the 2010 calendar test year will not exceed the \$310,302 annual revenue increase over revenues at present rates that we requested. Please note, however, that the increase in water charges/rates to be finally approved by the PUC, if any, may be higher or lower than the proposed water charges/rates noted above.

The PUC has scheduled a public hearing on this proposed rate increase to allow HBWC's customers to state their views to the PUC. HBWC's customers are invited to attend this public hearing to find out more about the proposed increases and voice any concerns.

Public Hearing To Be Held September 21, 2009 at 6:00 p.m.

The PUC's public hearing on the proposed action will be held as follows:

DATE: September 21, 2009

LOCATION: Keonepoko Elementary School Cafeteria

15-890 Kahakai Boulevard

Pahoa, Hawaii 96778

TIME: 6:00 p.m.

We encourage you to attend. Copies of the rate increase application are available for viewing at the Hawaiian Beaches Water Company offices at 15-966 Punawai Street, Pahoa, HI 96778 between the hours of 8:00 a.m. and 4:00 p.m., Mondays through Fridays, excluding holidays; Phone (808) 965-9882.

HBWC desires to provide the best available service to our customers, and we believe this proposed rate increase will allow us to better serve you and the surrounding community. We thank you for your consideration.